

The State of Housing in Tennessee

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What is "affordable"?

Affordable

Housing is considered "affordable" when a homeowner pays no more than 30% of income for monthly mortgage payments, insurance, taxes and utilities, and a renter pays no more than 30% of income for rent and utilities.

Cost-Burdened

Is defined as paying more than 30% of income for housing costs, including utilities.

Median Income

The income level at which an equal number of households have incomes above the level as below.

Low-Income

Households with incomes 80% or less of the local median, adjusted for family size. Households with incomes 50% or less of local median are considered very low income.

Fair Market Rent

A dollar amount set annually by the U.S. Department of Housing and Urban Development to indicate the cost of renting a modest apartment in a given market.

Since its inception in 1973, THDA has made over 93,000 mortgages.

Incomes and homeownership rates are rising...

- Recent homeownership rates in Tennessee increased considerably, from 51.2% in 1990 to 69.9% in 2000, this compared to the national homeownership rates of 49.5% and 66.2% respectively.
- Median household income (inflation-adjusted) rose 11.3% between 1990 and 2000. The median income for Tennessee families was \$47,600 in 2000, rising to \$51,200 in 2006.
- Between 2000 and 2006, with the help of THDA's homeownership programs, over 18,000 low- to moderate-income Tennessee households achieved homeownership (over \$1.5 billion in mortgage dollars).

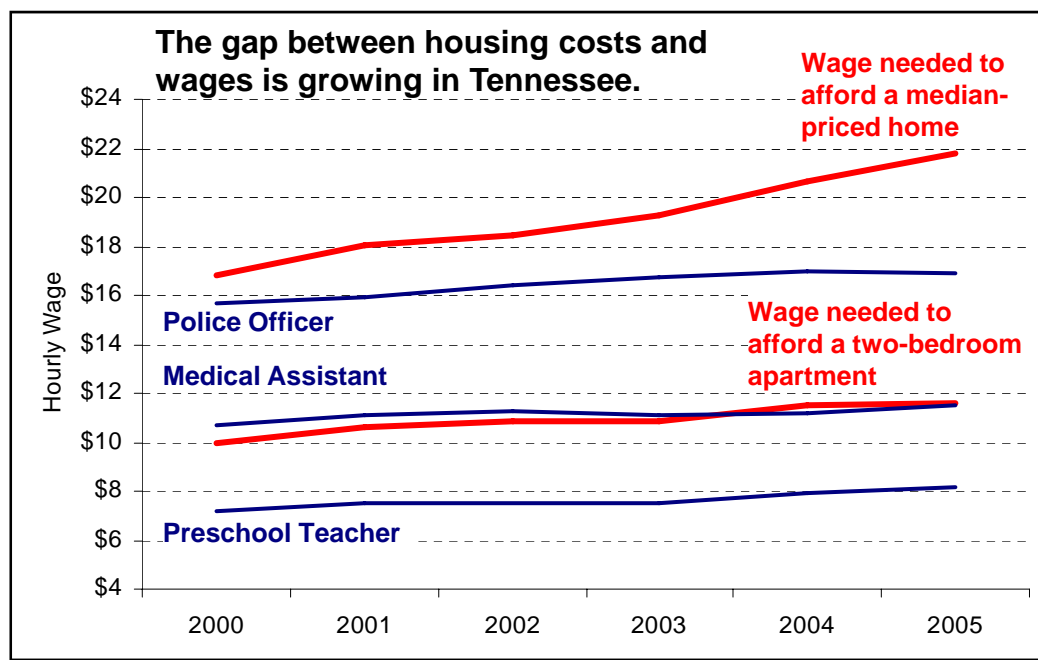
...but over 583,000 households still struggle.

These housing problems continue to challenge our state:

- The average home sales price increased by 20.2% over the past five years, from \$104,000 in 2000 to \$135,000 in 2005.
- Fair market rents on modest apartments have risen 16.5% since 2000.
- Homeownership rates for African Americans, at 50.5%, are significantly lower than Caucasians; moreover only 35.0% of Hispanics own homes.
- There are an estimated 8,066 homeless in January 2005, 73% living in shelters. 5,831 homeless children are enrolled in public schools in 2004.

Housing is increasingly unaffordable for workers.

Two Tennesseans working full-time at minimum wage cannot afford a two-bedroom apartment at Fair Market Rent.



Sixty-five percent of Tennessee's low-income households pay more than they can afford for housing.

Between 1990 and 2000, the number of low-income households in Tennessee increased by 19%. The number of low-income households paying more than 30% of their income for housing increased by 26%, to 430,000, in 2000.

In 2000, 3 out of 10 low-income households in Tennessee had one or more serious housing problems. For very-low income households the rate rose to more than 6 out of 10. This is compared with higher income households where less than 1 out of 10 households had any housing problems.

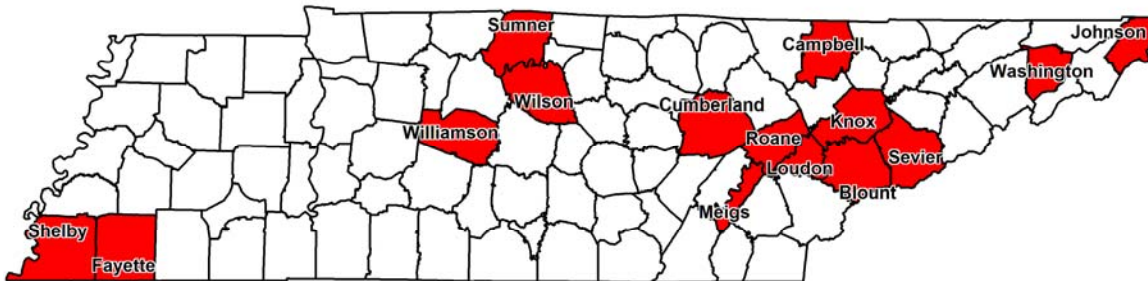
Demographic trends challenge the future.

In addition to rising housing costs, several demographic trends will challenge the state.

- Tennessee's population grew 16.6% between 1990 and 2000, from 4.9 to 5.7 million people. The state is expected to gain an additional 1.1 million people between 2000 and 2020.
- Our Hispanic population grew more than 300% between 1990 and 2000, from 31,100 to 123,800. Because Hispanic households generally have lower incomes than non-Hispanics in our state, a lack of affordable housing will affect them disproportionately.
- The number of elderly persons grew 14% between 1990 and 2000, from 618,000 to 703,000, of which 48% have disabilities. Additionally, over 110,000 low-income elderly households in Tennessee are in need of assistance to combat cost burden, crowding or other housing problems.

Home price trends challenge the future, too.

In 2005, median home prices in the counties below were more than two and one-half times the county median income.



By 2015, if trends remain unchanged, the situation will not have improved.



Data used in this report were compiled from the 1990 and 2000 U.S. Censuses, the 2005 American Community Survey, the Department of Housing and Urban Development, the Bureau of Labor Statistics, the National Alliance to End Homelessness, and Tennessee Housing Development Agency sources.

Officials Take Action

Housing professionals throughout the state are working together to develop solutions to some of these problems.

Affordable Housing Coalition

A new Statewide Affordable Housing Coalition has been formed, with membership from across the state and from a broad array of housing-related industries.

The goals of the coalition include:

- sharing information on tools that are available for developing affordable housing solutions, and
- creative ways of using these tools.

The coalition also is involved in educating the public and decision makers about the value of affordable housing and the obstacles to its development.

More information is available on THDA's website at:

www.tennessee.gov/thda

Tennessee State Housing Trust Fund

In another effort, THDA has launched the new Tennessee State Housing Trust Fund, through a two-year commitment of \$12 million of THDA funds.

State appropriations of \$1 million for the current fiscal year have been added to that.

THDA will be seeking investment by private donors to augment these funds.

Look for funding details soon on THDA's website!